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WEINBERGER DRUG STORES, INC.

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CORP. FILE

Annual Report to Stockholders
for the Fiscal Year
ended June 30, 1941

WEINBERGER DRUG STORES, INC.

DIRECTORS

J. G. Gosling
Mortimer Jacobs
Thomas H. Jones
L. J. Wolf
M. M. Neubauer
Joseph Spivack
Adolph Weinberger

OFFICERS

Adolph Weinberger	President & Treasurer
Joseph Spivack	Executive Vice-President
Milton Neubauer	Vice-President
Henry Gray	Vice-President
William Handler	Vice-President
C. W. Evans	Secretary
Eugene Thayer	Assistant Secretary

REGISTRAR AND TRANSFER AGENT

The Cleveland Trust Co.

AUDITORS

Ernst & Ernst

Cleveland, Ohio
August 26, 1941

To our Stockholders:

The annual report of Weinberger Drug Stores, Inc., covering the operations of the Company and its subsidiary for the fiscal year ended June 30, 1941, is herewith submitted. The consolidated balance sheet and consolidated profit and loss and surplus have been examined by Ernst & Ernst, Certified Public Accountants, and their opinion is included herein. By authorization of the Board of Directors, the Company, in September 1940, offered 10,000 shares of its Common Stock through T. H. Jones & Co., and the sale of this stock is reflected in the consolidated balance sheet and consolidated surplus.

Net profit for the fiscal year, after deducting all charges, including provision for depreciation and for all Federal and other taxes, was equivalent to $1.78 per share on the 90,000 shares outstanding for the fiscal year ended June 30, 1941, as compared to $1.59 per share on the 80,000 shares outstanding for the fiscal year ended June 30, 1940. A dividend of 25 cents per share was paid on each of the following dates: October 1, 1940, January 2, 1941, April 1, 1941, and July 1, 1941.

The policy of enlarging and modernizing the Company's stores, as well as the installing of soda fountain departments, has been continued. On June 30, 1941, forty-four stores were operated; twenty-one of these stores now being equipped with soda fountains.

At the regular meeting of the Board of Directors held on August 15, 1941, Mr. Joseph Spivack, formerly Vice-President, was elected Executive Vice-President. Mr. M. M. Neubauer and Mr. Henry Gray were elected Vice-Presidents, and Mr. Eugene Thayer was elected Assistant Secretary. The newly elected officers have been associated with the Company for some years in various executive capacities, and are well qualified to assume the responsibilities of their respective offices. These promotions are in accord with the Company's policy to fill all positions in the official and executive staff from within the organization.

Very truly yours,

ADOLPH WEINBERGER
President

CONSOLIDATED

WEINBERGER DRUG STOR

June 3

ASSETS

CURRENT ASSETS			
Cash on hand and demand deposits		$ 279,412.96	
Trade accounts receivable		30,692.38	
Tax stamps-state		19,647.80	
Inventories-at lower of cost or market:			
At stores $704,028.17			
At warehouse 434,658.95			
At laboratory 25,345.84	$1,164,032.96		
In transit	34,190.74	1,198,223.70	$1,527,976.84
OTHER ASSETS			
Cash surrender value of life insurance—Note A		$ 37,275.35	
Claim against insurance company for fire loss		11,245.75	
Miscellaneous receivables, etc.		5,558.25	
Deposits		2,685.00	
Claims against closed banks, etc.	$ 4,101.17		
Less reserve	3,324.42	776.75	57,541.10
FIXED ASSETS			
Furniture and fixtures, etc.—at cost	$ 557,905.97		
Leasehold improvements—at cost	203,623.91	$ 761,529.88	
Less reserves for depreciation and amortization		368,852.70	392,677.18
PATENTS AND TRADE-MARKS			1.00
DEFERRED CHARGES			
Prepaid insurance		$ 19,045.77	
Taxes		18,742.27	
Other		5,535.20	43,323.24
			$2,021,519.36

Note A—In connection with note payable to bank, the Company has deposited as collateral security therefor insurance policies, on the lives of its President and Vice President, in the aggregate amounts of $128,449.00 and $62,500.00 respectively.

BALANCE SHEET

ES, INC., AND SUBSIDIARY

0, 1941

LIABILITIES, CAPITAL STOCK AND SURPLUS

CURRENT LIABILITIES			
Note payable—to bank:			
Payments maturing prior to June 30, 1942		$ 55,000.00	
Accounts payable:			
Trade accounts	$ 270,532.42		
Salaries, wages and additional compensation	13,001.22		
Pay roll taxes	12,907.72	296,441.36	
Accrued:			
Taxes (other than federal income)	$ 32,449.35		
Rent	15,747.60		
Interest	100.00	48,296.95	
Federal taxes on income—estimated:			
Provision for year ended June 30, 1941		71,200.00	$ 470,938.31
LONG TERM DEBT			
Note payable—to bank—payable $5,000.00 monthly—Note A		$ 200,000.00	
Less portion classified as current liability		55,000.00	145,000.00
RESERVE			
For general contingencies			48,000.00
CAPITAL STOCK AND SURPLUS			
Capital stock (without par value):			
Authorized 100,000 shares			
Outstanding 90,000 shares			
Stated capital		$ 639,670.00	
Surplus:			
Capital surplus	$ 135,815.44		
Earned surplus	582,095.61	717,911.05	1,357,581.05
			$2,021,519.36

Note B—The management of the Company has no knowledge of any contingent liabilities other than pending suits and claims for personal injury as to which, considering the nature of such cases and the amounts involved, the proceedings will not, in the opinion of the management of the Company, result in any losses of a material amount to the Company and its subsidiary.

CONSOLIDATED PROFIT AND LOSS AND SURPLUS

WEINBERGER DRUG STORES, INC., AND SUBSIDIARY

Year ended June 30, 9141

CONSOLIDATED PROFIT AND LOSS STATEMENT

Gross profit			$ 1,932,327.20
Selling, general and administrative expenses			1,694,879.76
OPERATING PROFIT			$ 237,447.44
Other income:			
Revenue from telephones, etc.		$ 6,990.70	
Discount on tax stamps		4,015.98	
Sundry		3,761.62	14,768.30
			$ 252,215.74
Other deductions:			
Provision for contingencies		$ 12,000.00	
Interest expense		3,057.68	
Life insurance expense—net		1,946.05	
Loss on disposal of capital assets		1,232.13	
Sundry deductions		2,957.21	21,193.07
PROFIT BEFORE FEDERAL TAXES ON INCOME			$ 231,022.67
Federal taxes on income:			
Provision for current year—estimated:			
Normal tax	$ 65,000.00		
Excess profits taxes	6,200.00	$ 71,200.00	
Less overprovision for prior year		653.46	70,546.54
NET PROFIT			$ 160,476.13

Note—Provisions for depreciation and amortization included above aggregated $70,842.49.

CONSOLIDATED SURPLUS

CAPITAL SURPLUS			
Balance at July 1, 1940			$ 105,409.39
Add excess of proceeds from sale of 10,000 shares of capital stock over amount of $5.00 per share assigned to stated capital			30,406.05
BALANCE JUNE 30, 1941			$ 135,815.44
EARNED SURPLUS			
Balance July 1, 1940		$509,119.48	
Net profit for year ended June 30, 1941		160,476.13	
		$ 669,595.61	
Cash dividends:			
$.25 a share paid October 1, 1940	$ 20,000.00		
.25 a share paid January 2, 1941	22,500.00		
.25 a share paid April 1, 1941	22,500.00		
.25 a share payable July 1, 1941	22,500.00A	87,500.00	
BALANCE AT JUNE 30, 1941			582,095.61
TOTAL SURPLUS AT JUNE 30, 1941			$ 717,911.05

Note A—Cash dividend of $.25 per share was declared on stock of record at June 25, 1941, payable July 1, 1941. Prior to June 30, 1941, the Company deposited funds with the dividend disbursing agent for payment of such dividend.

Board of Directors,
Weinberger Drug Stores, Inc.,
Cleveland, Ohio.

We have examined the consolidated balance sheet of Weinberger Drug Stores, Inc., and its subsidiary as of June 30, 1941, and the consolidated statements of profit and loss and surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

Inventories, except for minor amounts, were based upon physical counts made by the companies at or near June 30, 1941, and adjusted for transactions intervening between the dates of counts and June 30, 1941. We observed procedures followed by employees of the companies in determining physical quantities at the warehouse, laboratory and certain stores selected by us. We also tested inventory records, basis of pricing and computations.

In our opinion, the accompanying balance sheet and related statements of profit and loss and surplus present fairly the consolidated position of Weinberger Drug Stores, Inc., and its subsidiary at June 30, 1941, and the consolidated results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST
Certified Public Accountants

Cleveland, Ohio
August 18, 1941